

City of Springfield
Work Session Meeting

MINUTES OF THE WORK SESSION MEETING OF
THE SPRINGFIELD CITY COUNCIL HELD
MONDAY, NOVEMBER 14, 2005

The City of Springfield Council met in a work session in the Jesse Maine Room, 225 Fifth Street, Springfield, Oregon, on Monday, November 14, 2005 at 5:32 p.m., with Mayor Leiken presiding.

ATTENDANCE

Present were Mayor Leiken and Councilors Ballew, Fitch, Ralston, Lundberg (5:47 p.m.), Woodrow, and Pishioneri (5:48 p.m.). Also present were City Manager Mike Kelly, Assistant City Manager Cynthia Pappas, City Attorney Joe Leahy, City Recorder Amy Sowa and members of the staff.

1. Report from Jail Operations Funding Task Force.

Finance Director Bob Duey presented the staff report on this item. The Mayor appointed a task force in May of 2005 to identify and study possible funding options available to the city for securing sufficient operating funds for the planned municipal jail. The task force has been meeting on this subject since that time and has prepared a report for council's consideration. A presentation on the report will be made by the task force chairperson, Roxie Cuellar.

Mr. Duey introduced Chair of the committee Roxie Cuellar who would be presenting the report. He also introduced Cecil Saxton, a member of the committee. Mr. Duey discussed the schedule the committee had held in looking at this issue since they were formed in late May 2005. The committee had worked very hard to come up with a recommendation. He said no decision by council was needed at tonight's meeting.

Ms. Cuellar thanked Mr. Duey for all of the work he did for the committee. She said the position of the committee was to have the jail itself produce as much revenue for the operation of the jail as possible to reduce any burden on the taxpayers. The first idea was to charge residents of the jail for such things as booking fees, per diem fees, extra fines that would be recovered, charges for privileges such as phone and commissary, and technological fees for everyone other than those with minor infractions such as speeding tickets. She said the committee would like those charges to be imposed by the court, so if the fees were not paid, the person would face jail time. The committee felt the recovery amount could be greater in that case.

Ms. Cuellar said one of the members had called today and had not seen in the report the committee's recommendation to eliminate the contract with Lane County for seven beds. She said the committee did discuss that and it was one of their recommendations. She said the committee recommended that the city rent out 25 beds to other jurisdictions to bring in revenue. She said the Political Action Committee (PAC) had noted the \$1.2M in lost revenue due to the failure to appear. She said the assumption would be that those failures to appear would be reduced freeing up some staff time. She discussed the staffing issue and that there could be savings in that area that could be transferred to the jail operations. She said the committee looked at privatization of the jail, but there was no clear advantage regarding this option. She also noted that there was currently a state statute that all guards and officers in the jail be public employees so that eliminated the private option.

Ms. Cuellar said the residents of Springfield would have to come up with some additional funds and they looked at what funding source they could recommend. She said the committee wanted it to be broadbased, not targeted to one group. She said the committee looked at three funding sources. The one that received support from all the committee was the personal income tax. She said the committee had talked about combining that with business fees, without the council needing to go out to voters. They didn't want it to be too high to discourage local businesses from staying in Springfield or discourage new businesses from coming to Springfield. There was recognition that businesses also benefit from the jail. She said the committee highly recommended that such a tax be done through a Charter amendment. She said doing a Charter amendment did not get a lot of support, but she said they felt it was due to lack of knowledge of what it would do. She said people wanted funds dedicated in some way and they wanted a limit that couldn't be changed with the people's vote. The committee felt a Charter amendment was the best way to do that regarding a personal income tax. She said the committee also discussed combining the Police Levy with funding for jail operations. Springfield had been very generous to public safety, but there could be a point where it would end. She said if the jail operations could be combined with the police levy and the personal tax could be put out for one year, there wouldn't be a need to go out for the levy again. She said there seemed to be support of combining those.

Mayor Leiken asked how many people were surveyed.

Mr. Duey said about four hundred.

Ms. Cuellar referred to the results listed on page 17 of the Springfield Public Safety Survey Report. She said for just police renewal of the levy there was 27 percent support; just for staffing a jail there was 2 percent support; for support of both the police and jail there was 44 percent support.

Councilor Fitch asked about the amount of the income tax per Springfield resident.

Mr. Duey said there were three different ways to impose the tax, which they would look at more closely. He explained the different ways the tax would be calculated. He said an example of using the adjusted gross income would be about $\frac{1}{2}$ of 1 percent.

Ms. Cuellar gave an example that someone with \$50,000 adjusted gross income would pay about \$250.

Mr. Duey said it would be a deduction from your federal taxes.

Councilor Ballew said a portion of the population would benefit without paying anything. She said this was a whole society issue.

Ms. Cuellar discussed the electrical and natural gas surcharge. She said it was the broadest based and included both businesses and homes. It would be progressive in that larger businesses and larger homes would pay more because they would be using more power. She said a concern was that the citizens would compare it to the recent Utility Tax which failed. She said it was not the same thing, but it could sound like it. She said the percentage, which was higher, would make it difficult to gain support from the public.

Councilor Fitch asked if the ½ of 1 percent was just to fund the jail.

Mr. Duey said that was correct.

Councilor Fitch asked what the percentage would be if the police levy was added.

Mr. Duey said it would be closer to 1 percent.

Councilor Fitch asked what percentage of the city's tax base was non-residential. She said if something could be done with businesses also, so it was split more evenly, it would make sense.

Ms. Cuellar said a business license fee could raise as much as \$250,000. She said the committee worked under the worse case scenario in which case they would need to raise about \$2.4M, but depending on how many of the options council chose that brought revenue in from the jail, it was estimated that could bring in \$1.4M. The jail operations could be half paid for by those the jail serves which would bring it down to \$1M. She said the committee did consider corporate tax, but didn't want to discourage business from coming to Springfield.

Councilor Ballew said the business and corporate were needed. She said the broadest base possible was best because the jail would benefit everyone.

Ms. Cuellar said the committee also looked at property tax. The committee agreed that would be brought to council as an alternative.

Councilor Ballew said the survey results didn't show anything that ranked over 50 percent. She said if that was truly reflective of people's opinions, any measure might be in vain.

Ms. Cuellar said she didn't think so. She said people wanted a jail and the highest number of support was for the police levy and the jail combined. She said one thing that happened was that people did not understand the option of the Charter amendment. If people knew they could dedicate funds to the jail with a Charter amendment, there could be support. She said the public needed to be educated by those in the community who wanted the jail and reminded of why they voted to build the jail. She said they needed to assure the public that the costs would be kept as low as possible.

Mayor Leiken asked what the typical stay of a prisoner was in a municipal jail.

Chief Smith said it was hard to measure because currently it was almost nothing. The most one would serve for a misdemeanor would be one year and the least would be one day. The jail would give credibility back to the court and could require the bail be posted on the front end.

Ms. Knapel said there was no record of what would happen because the space hadn't been available. She said the judges anticipated 30-90 day stays in the municipal jail. She said that discussion would come back to council on November 28th.

Councilor Ralston said he would like it spread as evenly as possible. He said he had a hard time approving an income tax. He asked if they would levy a tax on those that worked in Springfield or those that lived in Springfield.

Mr. Duey said it could be set up either way.

Councilor Ralston said there were too many variables. He said property taxes were easiest to use because everyone would share. He felt it would be difficult to identify who would pay the income tax.

Ms. Cuellar said the difficulty with a property tax levy would be the need to go out every four years. The jail would be built and would need funds to operate it, and yet would be reliant on a levy passing every four years. She said some of the committee felt that if Springfield was going to build a jail, there was an obligation to the taxpayers to come up with a funding source that went beyond four years.

Councilor Ballew said if people supported something they would vote for it. She said she was not afraid to give the voters the opportunity to continue supporting something if they felt it was worthwhile.

Mr. Duey introduced Bob Schroeter, Diana Garcia and Steve Moe, three additional members from the Task Force who had joined the audience. Mr. Duey said the operating costs for the jail could be anywhere from \$2.4M to \$2.9M based on the staffing levels. He said if the staffing was lower and there was good collection on the fees, the best case scenario could be as low as 42 cents on property taxes. The high end could be up to 80 cents. He said currently the police levy is 66 cents, but would go to about 70 or 75 in 2006 to renew it. He also noted the fire and life safety levy that would come to voters in 2006 which would be about 42 cents.

Councilor Ralston said in comparing income tax and property tax, property tax would spread things out more and would cost each person less.

Councilor Fitch said she would like to give the county two beds at the municipal jail and the city could get two beds at the Lane County facility for female inmates.

Ms. Cuellar said the Chief had said trading could be an option.

Councilor Fitch said she was not in favor of something that was not permanent. She discussed the issues with compression and putting it on the property taxes. She said having something broadbased and limited, including a charter amendment if explained and written appropriately, would be a better option. She said there were still a lot of questions, but it should be considered. She suggested the personal income tax combined with something for business.

Councilor Woodrow asked about free space and compression.

Mr. Duey said he didn't have the new numbers for this year, but estimated we were in the high \$8 range.

Councilor Woodrow said he agreed it should be broadbased, but he wondered if it would be feasible to pass an income tax, when it would make Springfield the only city in Oregon with an income tax. People did vote for the levy and for the bond to build the jail. He said it was justifiable to remind voters that we couldn't build the jail unless we found funding and the only way we could fund it would be through a levy.

Ms. Cuellar said personally she would not suggest that both were on the levy. She said it would be up to supporters to convince the people that, yes, we may be the only city in Oregon with an income tax, but Springfield was also the only city in Oregon that voted to build a jail.

Councilor Ballew said she did not like to dedicate funds because it locked up the money. She discussed the importance of having the money in the General Fund and using it as appropriate. She said if the money was in the General Fund, it would most likely end up in public safety anyway.

Councilor Ralston said the more complicated it was, the less likely people were to vote for it. He referred to the income tax and said it was too complicated.

Councilor Fitch said the businesses in Springfield would pay a business tax and those that lived in Springfield would pay.

Councilor Woodrow said if it wasn't dedicated it would not stand a chance. The public needed to know it was dedicated for jail funding.

Councilor Ballew said the fines and fees should not be dedicated.

Councilor Woodrow said he understood Councilor Ballew not wanting to dedicate the funds, but felt the citizens wanted to know the money was going to be dedicated to public safety/jail funding or it would not get passed.

Councilor Ballew clarified that she was discussing fees that might be charged. She understood a levy for a specific purpose would be dedicated.

Councilor Woodrow said he would be more in favor of dedicating all the revenue sources discussed tonight for the operations of the jail.

Discussion was held regarding dedicating funds versus not dedicating funds.

Councilor Fitch said the city's fuel tax was dedicated to road repair. She asked if the committee had looked at other sources of revenue that would be specific.

Ms. Cuellar said the committee looked at other taxes, but most were targeted for a specific group. The committee looked at the business side with gross receipts tax, but did not favor that approach.

Mr. Duey said page 12 of the Task Force Report showed all sources the task force looked at from the beginning. Through discussions, they came up with the top three, which included income tax, property tax and the surcharge on the natural gas and electricity. He said the sales tax had support from several of the committee members, but had failed so many times, they felt it would not stand a chance.

Mayor Leiken said the only way a sales tax would pass, is if the personal income tax was eliminated.

Mr. Duey said if council wanted staff to pursue either the property tax or personal income tax, they could direct staff to do so and staff would bring something back after the first of the year.

He discussed the short timeline if council wanted to put a measure on the May 2006 ballot and the amount of information that would need to be gathered during that time. He discussed the education that should take place and possible follow-up polling prior to the election.

Mayor Leiken asked who collected the income tax.

Mr. Duey said it could be done in several ways. The most common way would be through the Department of Revenue. Statutes say the IRS had the obligation to collect it on a cost basis. A consultant had told him that Portland and Albany had offered it as a service where they would be the administrators, too.

Mayor Leiken asked if there would be a net increase in bureaucracy.

Mr. Duey said it could take one more person in the city, but most of the administration would be contracted out.

Councilor Ralston said he would prefer to support a joint corporate and personal income tax. He noted those that lived in Glenwood showed a Eugene address and questioned if that could affect collection.

Mayor Leiken said there would not be much revenue from a corporate income tax. He gave the example of the county.

Mr. Duey said there could be other ways to incorporate the business side without going to a corporate income tax, such as licensing.

Ms. Cuellar said there was a recommendation to put something on the May ballot. She said the committee also discussed the September 2006 ballot and the issue of jeopardizing the levy measures on the November ballot.

Mr. Duey said staff would bring this back during goal setting for further discussion.

Council thanked the committee and staff for all of their hard work.

Discussion was held regarding business licensing and corporate tax.

Mr. Duey said there were several databases of businesses in Springfield.

Councilor Woodrow asked Mr. Duey to find out the administrative costs for a personal income tax.

2. Community Development Advisory Committee (CDAC) Application Review.

Housing Manager Kevin Ko presented the staff report on this item. Three positions on the CDAC are scheduled to expire on December 31, 2005, due to term expirations of Stuart Gourley and Patricia Scarci and the resignation of Elizabeth Stubbs. All positions are at-large appointments. The terms for the three available positions will begin upon appointment by the Springfield City Council and will continue through December 31, 2009.

The CDAC consists of six at-large positions from the community, one representative from the City Council and one representative from the Planning Commission. The CDAC advises the City Council on all matters related to the city's housing and community development activities which are funded annually by Community Development Block Grant (CDBG) funds and HOME Investment Partnership Program (HOME) funds received from HUD. Applications are encouraged from lower income earners, residents of lower income neighborhoods, racial and ethnic minorities, senior citizens, disabled individuals and female heads of households. All applicants must live within the city limits of Springfield.

The positions are available as a result of the upcoming term expirations of Stuart "Corky" Gourley, Patricia Scarci and Elizabeth Stubbs on December 31, 2005. The notice of available positions was posted on October 6, 2005 and applications were being accepted through November 7, 2005. Two qualified applications were received for the three available positions. Staff is requesting that council review the two applications and make recommendations to fill the available positions on the CDAC. The recommendations will be presented at a regular meeting of the council on November 21, 2005.

If the council approves the appointments of Ms. Adams and Ms. Lynch, a notice of an available position on the CDAC will be posted for the final open position. Staff was hoping to have all vacant positions filled prior to the first CDAC meeting at the end of January.

Councilor Fitch said she was very impressed with the two applicants.

Mr. Ko said it was often difficult to get people interested in this committee, in part because it didn't meet very often.

Discussion was held regarding advertising for these positions.

Councilor Lundberg said the ads in the paper were too dull.

Councilor Fitch said she hoped they could get a diverse member on this committee. She asked Mr. Ko to check with Diana Garcia.

Discussion was held regarding better advertising and perhaps a story about the CDAC and CDBG funds put together by Community Relations Officer Niel Laudati.

Councilor Lundberg said St. Vincent DePaul was able to move forward because of CDBG funds over the last two years.

Councilor Fitch discussed some other improvements that could be made with the funding, such as improvements that would assist the handicapped.

Council consensus was to appoint the two candidates under consideration and to spend additional funding on advertising.

Mayor Leiken said the city had done a great job in showcasing the big developments and improvements. Some of the projects that have more of an impact on people's lives should also be highlighted. He said the city had done a great job utilizing the CDBG funds. There were good committees that had done good work over the years.

Mr. Ko said he attended a Community Development Manager's meeting in Coeur d'Alene last month and Springfield's downtown revitalization CDBG was one of the best practices. Mr. Ko gave a presentation at that meeting.

Mayor Leiken asked if he had heard if the Housing and Urban Development (HUD) would be moved to the Department of Commerce.

Mr. Ko said the CDBG would remain through the next year. The impact of the hurricanes on the national budget may cause some issues. He said the HUD representative was at the conference, and told them that every city would see a decrease in CDBG funds of nearly 10 percent, which to Springfield would be about \$70,000.

Councilor Lundberg asked if that would affect what was awarded and also the city's contribution.

Mr. Ko said it would.

Councilor Ralston asked if there was a log of past applicants for different boards, committees and commissions.

Ms. Sowa said some of those had been tracked and could be provided.

Ms. Pappas also mentioned sending out a notice to all graduates of the Springfield Leadership program.

ADJOURNMENT

The meeting was adjourned at 6:27 pm.

Minutes Recorder – Amy Sowa

Sidney W. Leiken
Mayor

Attest:

Amy Sowa
City Recorder